



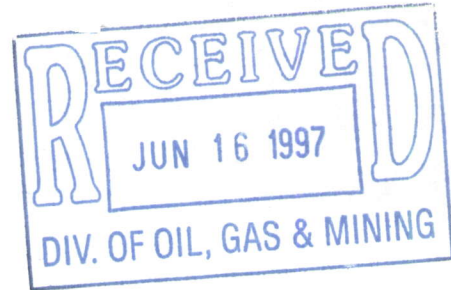
State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

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Salt Lake City, Utah 84102-2818
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DUKE PROJECT
RIDGEPOINT MINING

June 12, 1997

James W. Goddard, Ph.D.
RR # 5, Box 34 A
Lake Eufaula, OK 74432

RE: Notice of Intent To Commence Exploration/Mining, Metalliferous Minerals Lease
ML-47323, Section 36, T. 29 S., R.22 E.

Dear Mr. Goddard:

The School and Institutional Trust Lands Administration is in receipt of the above referenced Notice of Intent (NOI) to commence exploration. The activity proposed in the NOI consists of actual mining and processing of leased material and will therefore be considered a mining operation rather than an exploration activity. The Trust Lands Administration will also require additional information regarding the following items before approval to commence can be granted:

1) The area of the proposed activity as depicted on attachment # 2 of the NOI includes test sites # 1 - 16 and an equipment area. The sixteen (16) test sites and equipment area encompass exactly 5 acres which is the maximum allowable acreage for a small mining operation. Included in the NOI is a narrative description of three water impoundment areas used for recycling of water. The water impoundment area must be included as part of the total acreage impacted by the planned operation. Additional information concerning the water impoundment areas will be required as per item 2 of the this letter. Other impacted acreage not included in the planned activity is the road accessing the test sites and equipment area. The NOI indicates that the existing unimproved access road traverses to within 60 feet of the site area. To access the site area from the existing unimproved road a new road approximately 10 feet wide and 60 feet long will be created. A road 60 feet long and 10 feet wide will encompass 600 square feet or an additional .014 acres of disturbance. Other lands impacted by the mining operations may include parking areas for onsite personnel and living quarters for persons who may be present on a continual basis.

With the inclusion of the three water impoundment areas and 600 square feet of newly created road the total area of disturbance will exceed 5 acres. Mining operations which exceed 5 acres are considered to be large mining operations which require a more detailed plan of operations and the approval a larger number of regulatory agencies. If you wish to keep the impacted acreage under 5 acres you may choose to amend section III (b) of the NOI by proposing that only one or two test sites will be cleared at any given time and reclamation of each mined site will be concurrent with the excavation of only one additional test site.

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2) More detailed information is required concerning the size and location of the three settling ponds. Construction of the settling ponds in an existing drainage is generally prohibited as single storm events in the desert environment can often create significant water run-off which can easily breach small retention dams. A site inspection of the proposed settling pond sites may be required before the Trust Lands Administration and the Division of Oil, Gas and Mining could grant approval to commence mining.

3) The NOI identifies one step in concentrating the ores as an amalgamation process. The Division of Oil, Gas and Mining has expressed some concern as to the chemicals that will be used to create the amalgam and how the amalgamating chemicals will be prevented from contaminating processed materials and discarded water. Could you please identify the chemicals used and the process used to prevent environmental contamination.

4) The NOI does not address the possibility of continual human occupation of the proposed mine site. It is assumed that those working at the site will commuting daily. If the site is occupied on a 24 hour basis the NOI must address how waste and refuse generated by permanent occupation will be disposed of and identify the location of the housing facilities.

The Division of State History has been informed of the proposed mine plan and it is they who will determine the necessity for a cultural survey. If a cultural survey is required it will be the obligation of the lessee to contract a qualified archaeologists to perform the survey. The Trust Lands Administration will supply a list of qualified archaeologists. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical, or paleontological remains be encountered during your operations you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

The Administration rules require a surety bond be posted to insure reclamation as well as compliance with all other lease terms. Because the NOI does not comply with the 5 acre limit for a small mining operation the Trust Lands Administration will not request a reclamation bond until an amendment has been filed which identifies the actual acreage to be disturbed. Bonds may be accepted in any of the following forms:

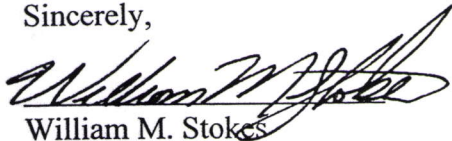
- a) Surety bond with an approved corporate surety registered in the state of Utah.
- b) Cash deposit.

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c) Certificate of deposit in the name of the School and Institutional Trust Lands Administration and Lessee, with three signatures required, two signatures will be those of the Trust Lands Administration and one of the Lessee's. Two signatures will be required to collect on the certificate of deposit. The certificate of deposit must be issued by an approved state or federally insured banking institution registered in Utah. The certificate must have a maturity date no greater than 12 months, be automatically renewable and be deposited with the Trust Lands Administration.

Trust Lands Administration approval to commence exploration or mining does not alleviate the necessity to comply with the requirements of the Division of Oil, Gas and Mining. You must contact them and comply with their requirements before commencing with any exploration or development. The address of the Division of Oil, Gas and Mining is 1594 West North Temple, Suite # 1210, P. O. Box 145801, Salt Lake City, Utah 84114.

Sincerely,

A handwritten signature in dark ink, appearing to read "William M. Stokes", is written over a horizontal line.

William M. Stokes
Minerals Resource Specialist